



April 14, 2016

Ms. Michelle Bannigan, Assistant Finance Director
City of San Juan Capistrano
32400 Paseo Adelanto
San Juan Capistrano, CA 92675

Dear Ms. Bannigan:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of San Juan Capistrano Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period July 1, 2016 through June 30, 2017 (ROPS 16-17) to the California Department of Finance (Finance) on February 1, 2016. Finance has completed its review of the ROPS 16-17.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 1 – 1997 Subordinated Tax Allocation Bonds, debt service payment in the amount of \$173,794 has been partially adjusted. The Agency requests \$167,400 from Reserve Balances for the July 1, 2016 through December 31, 2016 period (ROPS A period) and \$6,394 from Redevelopment Property Tax Trust Funds (RPTTF) for debt service due during the January 1, 2017 through June 30, 2017 period (ROPS B period). It is our understanding that a reserve balance greater than what is necessary for the final bond payment is available. Therefore, Finance is approving \$167,400 in Reserve Balances for the ROPS A period and reclassifying \$6,394 RPTTF to Reserve Balances for the ROPS B period.
- Item No. 28 – Administrative Cost Allowance (ACA) in the amount of \$77,201 in the July through December 2016 period. It is our understanding the Agency incorrectly applied RPTTF received but not spent during the July through December 2015 period as Reserve Balances in the amount of \$75,984. RPTTF received but not spent in a prior period will be used to offset RPTTF distributions in a subsequent period.

Additionally, the Agency also applied \$1,217 in Other Funds toward the ACA. Pursuant to HSC section 34177 (l) (1) (E), to the extent the Agency has other funds available, those funds should be used to pay enforceable obligations. Therefore, Finance has reclassified \$77,201 (\$75,984 + \$1,217) from Reserve Balances and Other Funds to the ACA and approves the ACA in the amount of \$125,000 for the ROPS A period.

- On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Pursuant to HSC section 34177 (I) (1) (E), agencies are required to use all available funding sources prior to RPTTF for payment of enforceable obligations. During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting RPTTF. Therefore, the funding source for the following item has been reclassified to Other Funds and in the amount specified below:
 - Item No. 11– Lower Rosan Ranch Loan Payable. The Agency requested \$3,113,949 from RPTTF; however, Finance is reclassifying \$1,217 to Other Funds. This item is an enforceable obligation; but the obligation does not require payment from property tax revenues and the Agency has \$1,217 in available Other Funds. Therefore, Finance approves RPTTF in the amount of \$3,112,732 and Other Funds in the amount of \$1,217, totaling \$3,113,949 for this item for the ROPS A period.

Except for the item that has been adjusted, Finance is not objecting to the remaining items listed on your ROPS 16-17. If you disagree with Finance's determination with respect to any items on your ROPS 16-17, except for those items which are the subject of litigation disputing Finance's previous or related determinations, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

The Agency's maximum approved RPTTF distribution for the reporting period is \$6,387,934 as summarized in the Approved RPTTF Distribution table on page 4 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the ROPS A period, and one distribution for ROPS B period based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 16-17 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 16-17 form, the Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the ROPS 15-16A period. The Agency will report actual payments for ROPS 15-16A and ROPS 15-16B on the ROPS 18-19 form pursuant to HSC section 34186 (a) (1). A prior period adjustment will be applied to the Agency's future RPTTF distribution. Therefore, the Agency should retain any difference in unexpended RPTTF.

Please refer to the ROPS 16-17 schedule used to calculate the total RPTTF approved for distribution:

<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for

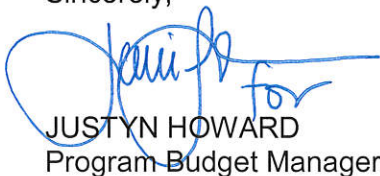
future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for

items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution statutes. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Nichelle Thomas, Supervisor, or Alexander Watt, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Mr. Ken Al-Imam, Interim Chief Financial Officer, City of San Juan Capistrano
Mr. Frank Davies, Property Tax Manager, Orange County

Attachment

Approved RPTTF Distribution For the period of July 2016 through June 2017			
	ROPS A Period	ROPS B Period	Total
Requested RPTTF (excluding administrative obligations)	\$ 4,997,711	\$ 1,192,834	\$ 6,190,545
Requested Administrative RPTTF	47,799	80,000	127,799
Total RPTTF requested for obligations on ROPS 16-17	5,045,510	1,272,834	\$ 6,318,344
Total RPTTF Requested	4,997,711	1,192,834	6,190,545
<u>Reclassified Items</u>			
Item No. 1	0	(6,394)	(6,394)
Item No. 11	(1,217)	0	(1,217)
	(1,217)	0	(7,611)
Total RPTTF authorized	4,996,494	1,192,834	\$ 6,182,934
Total Administrative RPTTF requested	47,799	80,000	127,799
<u>Reclassified Item</u>			
Item No. 28	77,201	0	77,201
Total Administrative RPTTF authorized	125,000	80,000	\$ 205,000
Total RPTTF approved for distribution	5,121,494	1,272,834	\$ 6,387,934